

State of Nevada



Department of Business & Industry

HOUSING DIVISION

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PROGRAM BULLETIN No. 3

DATE: April 5, 2010

TO: Interested Parties and Recipients of Tax Credit Assistance Program Funds

CC: Charles Horsey, Administrator, Nevada Housing Division

FROM: Hilary Lopez, Ph. D., Nevada Housing Division *Mark Arma FOR*

RE: Additional Revisions to Tax Credit Assistance Program (TCAP) Criteria -
Adopted July 6, 2009

Listed below are several additional revisions to the Nevada Housing Division (NHD) TCAP Application Submission and Project Rating and Ranking Criteria (TCAP Criteria). Previous revisions were announced in Program Bulletin No. 1 and Program Bulletin No. 2. The revisions included in this Program Bulletin constitute a HUD approved amendment to the TCAP Criteria and replace, or add new, information in the Sections listed below. All other requirements of the listed Sections and the NHD TCAP Criteria remain in effect. These changes have been made to further program efficiency and effectiveness and become effective immediately.

Revision #1

Item III: Submission Requirements, Section D: Rating and Ranking, Additional Points (changes identified in *italics*)

Paragraph 2 after additional point categories, sentence three, is modified to now read:

“(Exception: If the demand for TCAP funds is less than anticipated *or TCAP funds are returned or rescinded*, the project cap for *any authorized TCAP project* may be increased.)”

Revision #2

Item III: Submission Requirements, Section F. Eligible Uses of Funds (changes indicated in *italics*)

First paragraph, second sentence, is modified to read:

“Capital investment means costs that are included in the ‘eligible basis’ of a project under Section 42 of the IRC *or other costs as allowed by HUD.*”

Revision #3

Item IV: Commitment and Expenditure Deadlines (changes indicated in *italics*)

Paragraph three, first sentence, is modified to read:

“Eligible expenses only include capital costs *or other costs as approved by HUD.*”

Revision #4

Item IX: Federal Grant Requirements (changes indicated in *italics*)

Paragraph three is modified to read:

“Quarterly reports must be submitted to Mark Licea, Loan Administration Office, at NHD’s Las Vegas Office at *7220 Bermuda Rd, Suite B, Las Vegas, Nevada, 89119 or its designee.*”

Revision #5

Item XI: Fees, Section C: Compliance Monitoring Fees (changes indicated in *italics*)

Second sentence which read as below is deleted in its entirety:

“Project owners will be required to pay an initial \$30 per unit to set-up the project for compliance monitoring in the NHD’s IDIS system.”

Revision #6

New Item XIII titled “Minimum Insurance Requirements” is hereby added to the TCAP Criteria.

The following minimum insurance requirements will be added and apply to all projects in receipt of TCAP funds regardless of amount of funds. Exceptions to the requirements may be made at

NHD's discretion and on a project-by-project basis. Requests for exceptions must be made in writing to NHD's Chief of Federal Programs at the NHD's Carson City office and must contain the specific exemptions requested and reason for the request.

Minimum Insurance Requirements

- *Building(s) insured to replacement cost*
- *Tenant Improvements*
- *Business Income (12 months of coverage)*
- *Building Ordinance for acquisition/rehabilitation projects at NHD's discretion*
- *Boiler Machinery Coverage (if applicable)*
- *Builders Risk (new or renovation)*
- *Replacement Cost Coverage*
- *Insurance Values to be Replacement Cost*
- *Deductibles to be no more than \$20,000*
 - *For Total Deductibles Greater than \$7,000, an amount equal to the total amount of the deductibles ("Deductible Deposit") to be escrowed by the Project Owner with NHD until the Project can demonstrate sufficient regular cash flow on an ongoing basis to pay the total amount of all deductibles each month. In lieu of the Deductible Deposit, the Project Owner may request that NHD set aside and escrow at the initial funding an amount equivalent to the total amount of the deductibles from the amount of TCAP Funds awarded to the Project. When the Project can demonstrate sufficient regular cash flow on an ongoing basis to pay the total amount of all deductibles each month, the TCAP Funds set aside to cover the deductibles will be released to cover eligible costs pursuant to NDH TCAP Criteria.*
- *Earthquake Coverage at NHD's discretion based on location of project*
- *Earthquake Sprinkler Leakage*
- *Flood as required by FEMA/for properties located in a designated flood plain*
- *Environmental Insurance*
- *Commercial General Liability Insurance*
 - *Coverage to include premises, products, completed operations, personal injury*
 - *Coverage to be not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate subject to larger minimum limit requirements at NHD's discretion.*
- *Umbrella Policy in an amount not less than \$2,000,000.00*
- *Worker's Compensation*
- *Waiver of Subrogation – All Policies*
- *Employer's Liability*
- *Hold harmless placed in lease/contract Indemnity in favor of lienholder-All Policies*
- *Additional Insured Endorsement naming "Nevada Housing Division TCAP/TCEP as additional insured.*
- *Certificates of insurance delivered to NHD evidencing the insurance coverage required by NHD and the naming of Nevada Housing Division TCAP/TCEP as Additional Insured.*

Additionally, policies must contain and/or be issued by:

- *30 days notice of cancellation*
- *Insurance carrier with a Best Rating of A-7 or better*

- *Insurance carrier admitted and licensed to do business in Nevada*
- *Insurance carrier acceptable to NHD.*

Proof of insurance and named additional insured must be filed on an annual basis to NHD, Federal Program Supervisor, 7220 Bermuda Rd, Suite B, Las Vegas, NV 89119.

Any further updates to the NHD TCAP Criteria will be noticed in a separate Program Bulletin and posted on the NHD website at www.nvhousing.state.nv.us.